

Message Text

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ACTION EB-08

INFO OCT-01 NEA-11 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
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FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC 7302
USMISSION GENEVA

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GENEVA FOR USMTN DEL

E.O. 11652: N/A
TAGS: MTN, ETRD, PK
SUBJECT: PAKISTAN'S POSITION ON MTN AND GSP

REF: STATE 125201

1. EMBOFF MET WITH DR. BADR HASHMI, JOINT SECRETARY COMMERCE
MINISTRY, TO DISCUSS THE PAKISTANI MTN OFFER AND PAKISTAN'S
REACTION TO THE U.S. OFFER. HASHMI INDICATED HE WOULD BE SENDING
PAKISTAN'S POSITION TO ITS REPRESENTATIVE AT THE MTN, (HAMID).

2. AS EXPECTED, HASHMI SAID PAKISTAN WAS THE WEAKER PARTNER IN
ITS TRADE WITH THE U.S. AND THEREFORE THE USG SHOULD BE WILLING
TO MAKE SUBSTANTIAL CONCESSIONS WHILE PAKISTAN "WOULD GIVE ALL
THAT IT COULD." HASHMI SAID THE GOP'S BASIC POSITION WAS THAT IF
THE USG OFFERS A 50 PERCENT REDUCTION OR MORE IN THE PRESENT
CUSTOMS DUTIES, THE GOP WOULD BE SATISFIED. ALSO IF THE RATES
OFFERED ON PRODUCTS MOST IMPORTANT TO PAKISTAN WERE NOT ZERO OR
CLOSE TO IT, THE GOP WOULD ASK THAT THE PRODUCTS BE COVERED UNDER
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GSP. EMBOFF EXPLAINED THAT MTN AND GSP WERE TWO DIFFERENT
SUBJECTS AND WOULD BE DEALT WITH SEPARATELY. HASHMI UNDERSTOOD,
BUT STATED THAT ABOVE WOULD BE GOP'S OPERATING STRATEGY.

3. IN THE TROPICAL PRODUCTS GROUP, PAKISTAN IS MOST INTERESTED IN
GETTING THE MOST FAVORABLE RATES ON SHEEP SKINS AND UNFINISHED
LEATHER (BTN TARIFF NOS. 121.54 AND 121.57), CAPSICUM (161.83),

LEATHER FOOTWEAR (700.35, 700.41 AND 700.43) AND SPORTS GLOVES (735.05). EMBOFF EXPLAINED THERE WAS LITTLE CHANCE OF GETTING ANY CONCESSIONS ON LEATHER FOOTWEAR DUE TO THE DEPRESSED STATE OF THAT INDUSTRY IN THE U.S., BUT HASHMI STILL WANTED SOME CONCESSION, EITHER UNDER MTN OR GSP. HE SUGGESTED SETTING A PRICE LIMITATION ON THE PRODUCTS SO THEY WOULD NOT COMPETE WITH THE U.S. INDUSTRY.

4. IN THE AGRICULTURAL GROUP, THE GOP IS VERY INTERESTED IN GETTING THE LOWEST POSSIBLE RATE ON BASMATI RICE (130.55). THE OTHER AGRICULTURAL GROUP PRODUCTS ON PAKISTAN'S INDICATIVE LIST ARE NOT VERY IMPORTANT TO THE GOP AT PRESENT.

5. REGARDING THE OTHER PRODUCTS IN PAKISTAN'S INDICATIVE LIST, HASHMI REITERATED THE POINTS IN 2 ABOVE AND ASKED FOR DEEPER THAN FORMULA CUTS, PARTICULARLY FOR COTTON TEXTILES.

6. HASHMI ASKED TWO QUESTIONS REGARDING THE U.S. INDICATIVE LIST:

- (A) WHY WAS MINERAL CRUSHING MACHINERY (84.56) INCLUDED UNDER TROPICAL PRODUCTS?
- (B) WHY WAS THE U.S. ASKING FOR LIBERALIZATION OF NTM (IN THIS CASE LICENSION) ON SEVERAL PRODUCTS WHERE LICENSES ARE FREELY ISSUED?

HASHMI EXPLAINED THAT IMPORTS REQUIRING FOREIGN EXCHANGE MUST BE LIMITED OFFICIAL USE

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LICENSED BY THE CHIEF CONTROLLER OF IMPORTS AND EXPORTS WHO MAY ISSUE LICENSES FOR ALL PRODUCTS COVERED UNDER THE FREE LIST. HASHMI CLAIMS THAT THE CONTROLLER IS NOT GIVEN ANY PRIORITIES OR DIRECTIONS ON THE TYPES OF IMPORTS OR AMOUNTS OF FOREIGN EXCHANGE THAT HE MAY LICENSE. THE ONLY PRODUCTS ON THE USG'S INDICATIVE LIST WHICH ARE NOT ON PAKISTAN'S FREE LIST ARE AIR COMPRESSORS (8411B), CONTROL PANELS (8519C), TRACTORS (8701B), JEEPS (8702E) AND SPECIAL TRUCKS (8703). THESE PRODUCTS MUST BE PURCHASED BY GOVERNMENT CORPORATIONS WHO CAN IMPORT FROM ANY SOURCE AFTER PERMISSION FOR IMPORTING IS GRANTED BY THE BOARD OF IMPORT MANAGEMENT.

7. HASHMI INDICATED THAT THE GOP HAS RAISED DUTIES ON CERTAIN PRODUCTS FOR PURELY SOCIAL (I.E., NOT ECONOMIC) REASONS. FOR EXAMPLE, THE DUTY ON AIR-CONDITIONERS AND PARTS (8412B) HAS BEEN RAISED TO 200 PERCENT TO PREVENT ACCUSATIONS THAT THE GOP FAVORS THE WEALTHY, NOT TO PROTECT THE DOMESTIC INDUSTRY.

8. HASHMI CONCLUDED BY STATING THAT WHILE THE GOP MUST ABIDE BY ITS IMPORT POLICY, IT WILL MAKE AS MANY CONCESSIONS AS POSSIBLE.
HUMMEL

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